

Submitted Member Questions & Responses – Annual General Meeting 2022

Diamond Resorts European Collection Limited (“DRECL”)

1. LESLEY AND RONALD GRIFFITHS - email 16 May 2022

Will the Points Redemption Credit be available again and, if so, would it be possible for members to have a little more notice as to when they will be able to do this from?

No, the Points Redemption Credit option will not be available in 2023. The Points Redemption Credit was only available during 2020 and 2021 due to the savings made due to the resort closures during Covid.

2. ROGER JONES – email 9th September 2022

1. I have seen the Hilton Q1 2022 investor release which is to update investors of the corporate progress, prospects and directions. In this release it talks about rebranding of DRI properties in the US and the launch of HGV Max. We know HGV Max is not currently available in Europe. The investor release does talk about synergy savings for the operations which would be expected as the two operations merge and where there is overlap then some elements become redundant and cease to need resources. While I agree efficiency savings are needed to control costs and help towards savings in management fees, I have concerns regarding the future direction of DRECL in the merged organisation and therefore I have the following questions.

- (a) Currently DRECL have access to the DRI US properties within a relevant booking window of the date of arrival. Will that continue following the rebranding of the US resorts and at the same value of points as is currently being charged.**

All accommodation choices as detailed in the legal governing documents for the Collections have been put into trust. Once put into trust (subject to any voting rights of ordinary members in their specific Collection), the total annual points value attributed to the accommodation will never increase. While there may be point's value variations to adjust for annual changes in seasons, check-in days, public holidays and special events, for example, the total point's value over the course of a year for standard check-in days will not increase.

- (b) The booking window stated within the corporate update for Hilton states the booking window is based on the departure date so is that to be changed across the board from date of arrival to date of departure.**

No, there will be no change to the booking windows for members of DRECL.

- (c) Will the Hilton members gain access to the European resorts through HGV Max without some reciprocal arrangement to those European members who do not wish to extend their membership.**

At this time, we are looking into how HGV Max can be made available for European members of The Club® in the future and will keep you informed of any updates.

- (d) Is HGV Max eventually to be rolled out across Europe and can you give any indication how that is to be structured, i.e. attached to new points, at a cost of subscription or some other method.**

In April of this year, Hilton Grand Vacations launched HGV Max — a new membership programme that provides members with access to additional properties in more destinations. Members also receive discounts across the Hilton collection of hotels and resorts in sought-after destinations in the continental United States, Hawaii, Japan and Mexico. At this time, we are looking into how HGV Max can be made available for European members of The Club® in the future and will keep you informed of any updates.

- (e) Because the advertised benefits stated in the HGV Max programme appear to be same as the benefits we currently enjoy within our DRI membership will those benefits be removed if we do not join HGV Max.**

We understand that transitions can be unsettling and that members of The Club® and members may feel uncertain about their future with HGV. Your current membership will continue to exist, and you'll continue to access the benefits and properties associated with your membership, as noted in your EU Collection documents and we will continue to communicate changes with you.

- (f) Because there is no mention of the European resorts within the Hilton release and there has been a release stating HGV Max is not available in Europe are there plans to dispose of the European resorts from the Hilton portfolio.**

At this time, we are looking into how HGV Max can be made available for European members of The Club® in the future and will keep you informed of any updates.

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2. In the members news section of the DRI website it is stated a European resorts operational review has been undertaken because of the rising costs being experienced due the the cost of living crisis.

(a) Can you elaborate further on the results of the review and what measures are now being implemented to control the rising costs that will limit future increases in management fees whilst not reducing the quality of resorts and the holiday experience.

Following Covid, the Resort Management Team’s decided to reduce the cleaning structure from 3 cleans to 2 cleans on a weekly basis. We previously received a lot of comments from members who believed that having a clean the day before departure was not necessary. This change reduces laundry, cleaning materials and staff costs. Prices have risen in all areas this year and this might not necessarily mean there is a reduction but rather an offset of the overall increases. We are controlling all parts of operations through careful purchasing, negotiations and technology to increase efficiency.

(b) With the cost of living crisis we are experiencing many members will be looking to save costs by cutting discretionary spending. I believe many members will view holidays as discretionary spending and will therefore think off cutting holidays. If the spend on holidays is cut by members they may consider exiting DRECL to save the management fees. What measures DRI are considering to help members during this cost of living crisis.

We understand that the cost of living has risen for everybody. The Management company and resort teams continue to work hard to manage the controllable costs, keeping the overall increase as low as possible whilst at the same time ensuring we maintain the high standards we have always provided.

The option for members to pay their 2023 Management Charges by Annual or Monthly direct debit will remain in place for 2023. As you know, in previous years, members who chose to pay using the 12 month option were required to pay a 25% upfront payment, this year it will be 10%.

(c) Can you tell us what the latest percentages are for those who are in default with management fees and are any of these members being pursued by means including court action to recover the fee arrears.

As at 30th September 2022, currently 12% of DRECL members have defaulted on their 2022 fees. We have a defined set of steps which are followed as part of an effective management process operated by our Financial Services team with a view to securing payment.

3. What the process is to exit the club and is this process being or to be reviewed.

Diamond Resorts offers members a number of options should they no longer wish to own.

Members can choose to transfer their points to an immediate family member. They can also sell their points privately on the open market provided that the sale is made to an existing European Collection member. Alternatively, they can sell their points to existing European Collection members or non- members by utilising the resale services of Confused about Timeshare, Worldwide Timeshare Hypermarket Ltd and/or the Travel & Leisure Group, all of whom are deemed to be Authorised Resellers (each having committed to provide advance disclosure to potential purchasers in excess of that required by legislation).

To sell privately on the open market without using the services of an Authorised Reseller, a member can exit the club by first converting their points into a week or weeks of fixed timeshare at a Diamond resort. Once converted, they can either use the week or put it on the market for sale.

We also have the discretion (in exceptional circumstances) to consider whether a surrender of ownership is appropriate. The exceptional circumstances that will be considered are:

- Death of either member – either the original or a certified copy of the death certificate will be required (if sending in an original this will be returned).
- Bankruptcy, debt issues or clear inability to afford the membership (and in this regard specific documentary evidence detailing income, outgoings, assets and liabilities will be required which will need to be verified by CAB/ a solicitor or accountant).
- Over 75 years old – either the original or a certified copy of birth certificate will be required.

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- Medical problems/terminal illness necessitating reduced travel and/or decrease in financial resources to maintain membership

In respect of a surrender in such circumstances, (save for a surrender agreed due to financial hardship, and subject to our discretion on a case by case basis) we will only consider waiving the current year’s Maintenance Fees. All previous year’s Fees must have been paid in full.

If any of the above criteria apply, the required documentation as quoted above must be provided to substantiate the request.

If a member does not meet the exceptional circumstances criteria or does not wish to utilise any of the other options available they can choose to invoke the Non-Qualified Relinquishment Option. This option enables a member to relinquish their points and membership on payment of a relinquishment fee equivalent to two years’ maintenance fees.

For full details and terms and conditions of all of the options available, please do contact our Customer Services team on 0345 359 0010.

We understand that members may be experiencing difficulty and may wish for exceptions to the above criteria to be considered. We would urge members to contact us directly, whereupon requests will be looked at on a case by case basis.

There is no intention to change the exceptional circumstances criteria, and a change is highly unlikely. The exceptional circumstances policy (which was implemented following a change to the Articles at the AGM of June 1999) could be changed in the future, but only if the change was approved by the members by a 75% majority.

4. How members have been looking to exit DRI through exit processes.

As at 15th October we have processed 407 applications from members using one of the approved exit options.

5. There is currently a world wide debate about global warming and a need to reduce our carbon footprint and prepare or make ourselves more resilient to climate change. DRI cannot change the course of global warming itself but can make a contribution. In recent times we have seen extreme weather events damage resorts in St Marteen resulting in a rebuild and on the Costa del Sol there have been sandstorms with torrential rain that needed a major cleanup of numerous buildings and more recently forest fires. Also in May and again in July this year there has been extreme and excessive heat in Andalusia that could have caused danger to life and impact resort operations. Therefore;

- (a) Can you tell us what plans, if any, there are to make the DRECL resorts more resilient to climate change and extreme weather events and then better able to recover quickly from an extreme event.**

Thank you very much for this question. Many of our resorts are in areas of draught (such as Andalusia), some are under a threat of flood or high winds (UK). We have been doing everything possible to prepare for such events. UK resorts have completed tree surveys, and Pine Lake is undertaking a huge project starting on 17th October to prevent future flooding. Drought areas are communicating the importance of responsible use of water, which is one of the reasons we have partnered with We Are Water to increase awareness (and not just in resorts by members and guests but with all our team members). This has produced important savings, more than 11% since 2015. However, results will always depend on members adopting sustainable practices.

All resorts follow a special fire protocol and emergency drills are performed annually. There is a hazardous waste protocol in case of fire or spills and preventive and periodical collection by external companies in all countries.

Six resorts have installed solar energy to produce their own energy and currently all UK resorts are being surveyed to assess the most suitable alternative energy sources to install.

- (b) Are funds being set aside to help cover the costs of recovery from extreme events and minimise the effect on members.**

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We believe that prevention is the best cure. We also hold special funds at some resorts to face any such future events.

(c) What steps are being taken to reduce the DRECL resorts carbon footprint and what initiatives can members become involved with that contribute, both home and away, towards a more sustainable and cost effective future.

Resorts in Europe have been actively working on reducing their carbon footprint impact by taking many sustainable actions and recording and measuring results on an annual basis. Since 2015 we recorded a decrease in emissions of 17.68%. All resorts have their own Environmental Management System, ISO14001:2015, which includes a table of risks and opportunities. Each resort deals with different risks depending on their location and past events. Resorts also register average temperature and rainfall within their Environmental Performance files to assess how the weather changes influence the usage of A/C, heaters, water heaters, etc.

European resorts continue to replace energy efficient appliances, equipment and fixtures to reduce energy consumption. The standard is maximum comfort for guests but with reasonable energy consumption, making good use of natural resources and contributing to reducing carbon emissions.

Members and guests can assist greatly in this endeavour with the following initiatives:

- Resorts continue to ask owners, members and guests to “Accept The Deal” as part of the ongoing partnership with We Are Water (since 2019). We keep encouraging guests to help with water saving by voluntarily choosing to reduce the number of unnecessary towel and linen changes during their stays. In 2021 we saved 1.6 million litres of water for linen and towels not changed.
- By the correct use of recycling bins in the accommodations and common areas
- By avoiding the use of single-use plastic
- By purchasing sustainable merchandise. Sales of water bottles, t-shirts and reusable bags from Diamond include a 1 euro/pound donation to We Are Water
- By participating in activities organised throughout the year. All resorts organise activities to raise awareness amongst members, guests and team members about the responsible use of resources.

6. In the EU there is a directive “The Corporate Sustainability Reporting Directive” (CSRD) requiring all large companies to publish regular reports on their environmental and social impact activities. Also in October 2021 the government announced new Sustainability Disclosure Requirements (SDR) for businesses, setting out a roadmap for all businesses to disclose their environmental impact. Is it not time that as a responsible organisation we have an environmental report on the impact of our resorts and operations even though it is not a legal requirement yet in the UK.

I believe the report should cover carbon footprint reduction including green energy generation within the resort, recycling of waste including diversion from landfill plus any other environmental matters relating to DRI. I believe DRI are taking steps towards a greener environment having noticed signage in the resorts covering recycling and other environmental issues so I would have thought if DRI are trying to promote a greener environment they would have some monitoring in place so could we have an environmental report annually.

Following the acquisition in 2021, HGV have recently announced the launch of the first-ever Environmental, Social and Governance (ESG) Report – “detailing the tremendous efforts we’ve made in fostering an inclusive environment for our Team Members, serving our communities and reducing our environmental impact. At HGV, we are committed to living our values in everything we do and extending our passion for service to the communities in which we live, work and vacation. Guided by our mission of “Putting People First,” we are continuing to make strides in critical environmental and social issues”.

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This report showcases our progress as responsible stewards, partners and citizens by:

- Sustaining our environment. We mitigate our environmental impact by making efforts to reduce our carbon footprint and consumption of water resources and waste.
- Combatting climate change. We implement programs focused on management of natural resources and greenhouse gas emissions. Additionally, we partner with organizations to combat the threat of climate change and preserve our planet.
- Putting people first. We foster a sense of belonging for Team Members in order to make HGV a community where innovation thrives and views, beliefs and values are fully integrated.
- Cultivating growth and development. We offer competitive benefits and wellness programs as well as training and development courses designed to support our Team Members both professionally and personally.
- Fostering diversity, equity, inclusion and belonging. We advance our DEI&B strategy throughout the organization by building an inclusive workforce, representative of the diverse cultures, backgrounds and viewpoints of our Team Members.
- Serving our communities. We act responsibly and make a positive difference through HGV Serves, the HGV Foundation and volunteer events.
- Conducting our business responsibly and ethically. We protect our Owners and guests and put their needs first by using responsible sales and lending practices, operating our business with full transparency, and adhering to ethical standards

You can find more information on ESG-related company strategies, such as our Corporate Social Responsibility (CSR) platform — HGV Serves — on our website or by accessing the link below https://www.hiltongrandvacations.com/-/media/images/main/about/bd22-hgv-415-hgv-esg-report_v21_web.pdf

For our European Resorts, 2021 was the sixth year in a row that we reported results on ESG initiatives. We have successfully completed five years presenting results as part of Apollo, and 2022 marked the first year reporting for HGV after the acquisition in 2021. European resorts have worked for a decade to obtain, and annually renew, their ISO14001-2015 certification. They all follow strict standards to offer immaculate facilities and services committed with environmentally friendly hospitality.

We can proudly confirm our operations and ESG initiatives are aligned with the global framework set by the United Nations with the 17 Sustainability Development Goals and we work to provide a better future for generations to come. Since 2020, we are partners of One Planet Network where the resorts actively participate on webinars and share good practices such as single-use plastic reduction.

In 2021, we received three Sustainability awards. In November 2021, European resorts were recognised with a “One to Watch” award by World Tourism Responsible Awards during World Travel Market London 2021. We submitted results for “Reducing Plastic Waste in the Environment”. The team is on a mission against plastic pollution and have pledged to be single-use plastic FREE by 2025.

The second award came from the “Re-Think Hotel Competition”. Organised by a private group called Habita Futura and supported by the Spanish Ministry of Commerce, Industry & Tourism, the World Tourism Organisation, various Spanish Climate Change and Ecological Offices and the Responsible Tourism Institute. During the eighth edition of the Re- Think Hotel competition, Diamond Resorts Spain was chosen as having one of the TOP 10 best hotel sustainability and rehabilitation projects in Spain.

Lastly, all the resorts in Tenerife submitted nominations for the fourth edition of the Sustainable Practices Competition organised by the tourist office of Tenerife whose goal is to recognise and reward good Sustainability practices. We were extremely proud that Santa Barbara Golf & Ocean Club received the Award for “best sustainability practice in Accommodations 2021” where they included savings reports, carbon footprint impact and the initiative “We Are Water: Let’s make a deal”.

3. NICHOLAS SARGENT – 9th September 2022

At the 2020 AGM, undertaken via zoom, I was allowed to raise my concerns on DEX excessive points pricing, and hence termination of II not being in the interests of Members, but only after I pointed specifically to the Articles (5a) that grant the right to all Members to speak at the AGM. I verbally provided data illustrating

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how DEX adversely compared with Interval International (II), which were not recorded in the minutes, and agreed, due to time constraints, to have further discussions offline. It's noted in the minutes that the chat function also raised concerns. JM 'asked Members to give Diamond the chance to 'get it right'; they acknowledge that there were issues with the values and are reviewing it'.

1. **Was it ever stated at the AGM that the outcome of our meeting, as stated in the minutes, could be published?**

Was the outcome published?

Is it best practice to include something in the AGM minutes that was not discussed at the AGM and then not complete the action in the minutes, albeit 'could' potentially provides more 'wiggle' room than 'would'?

Given the answers to the above was it reasonable to approve the minutes of the 2020 AGM?

We believe the minutes to be accurate. This was confirmed during the 26th AGM, the minutes were proposed, seconded and approved as a true record by a majority of ballot forms received.

The minutes of the 2020 AGM stated the outcome of the meeting could be published.

2. **For the 2021 AGM, Were zoom attendees ever instructed on:-**

- (a) **How to communicate?**

The Chair referenced that members could submit questions. No directions on how to use the chat facility or how to submit questions was given to members by the Chair. The Chat was monitored and the facilitators answered many questions raised during the AGM

- (b) **Who was hosting/co-hosting the meeting**

The Zoom meeting was hosted by Teri Jackson and we had a number of Diamond Team members who were co-hosts and who answered questions raised by members during the AGM.

- (c) **Who, and how, to contact and raise questions?**

The Chair referenced that members could submit questions via the chat facility. No directions on how to use chat or how to submit questions was given to members by the Chair.

- (d) **How to speak at the AGM if required, in line with the Articles?**

Due to the technology used it was not possible for members who attended the AGM via Zoom to speak, they could however raise questions via one of the hosts.

Members in attendance in person had the opportunity to raise questions and the equipment was set up to accommodate this facility.

- (e) **Given Teri Jackson was the first name to appear on my 'chat' list was it unreasonable for me to assume that Teri's account was being monitored and that was the appropriate place to raise questions?**

All accounts were monitored and we received many questions and comments from members submitted via chat during the AGM which were answered by the chat facilitators during the meeting.

- (f) **Did the chair specifically ask for questions from zoom attendees during the Q&A?**

The chair stated for the questions we would give preference to people who attended in person. She explained if members would like to ask questions, we would like members to limit them to 1/2 questions per person. Zoom attendees could ask questions via the chat but could not physically answer questions in person.

At the time when the Chair asked if any questions had been raised for the Q and A, the response was no as there was no outstanding questions.

- (g) **Were zoom attendees ever advised that 'hosts' were raising questions on their behalf?**

Zoom attendees could ask questions via the chat but could not physically ask questions in person. Due to the technology used, it was not possible for members who attended the AGM via Zoom to speak. They could however raise questions via a moderator. After questions from the floor had been taken, the Chair asked if there were any questions from those online but at the time there were none.

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Members in attendance in person had the opportunity to raise questions and equipment was set up to accommodate this facility

(h) Did hosts actually raise any questions on behalf of zoom attendees?

All questions submitted were answered by the hosts during the meeting. The Chair asked if there were any questions raised by Zoom participants at the start of the FAQ session. At that time no questions had been raised, and the response from the hosts was ‘no’. The Chair then opened questions to members in attendance in person.

(i) Were you aware that I wanted to ask questions at the AGM?

We were unaware that you had submitted any questions during the AGM. We have been very willing to have discussions with you regarding the many topic’s you have raised, and have always been very honest with our responses.

(j) Did Diamond receive a 3 page presentation from me, for discussion, both in advance of the meeting and during the meeting to Teri?

We acknowledge that you sent a presentation the prior evening to the AGM. However even if we had received a presentation from yourself either in person or via Zoom, we would not have had the facility to share this with the rest of the members in attendance during the course of the meeting.

(k) Was it possible for me to speak or even present at the meeting?

It was not possible for Zoom attendees to speak or conduct presentations during the meeting. Priority was given to those members in attendance at the AGM. Members online did not have the facility to physically speak but could submit questions via the chat facility. We try to take as many questions as we can on the day from our members. However time is limited. This being the case, and to ensure that every member can raise their points, we introduced the ability to submit questions. Suffice to say, it is unlikely that we would permit an Ordinary member to use a power point presentation at the AGM as this would inevitably result in the time allocated for questions being unfairly monopolised.

(l) Did the chair initially say that one of the people standing for Member Director had failed to send their apologies for not attending?

That is correct and unfortunately they were unable to speak as they attended via Zoom. However a candidate summary was provided within the notice and also given to anyone who attended in person. Unfortunately, we were not made aware that they would not be attending in person so no alternative provisions could be made.

(m) When the board was advised the individual was a ‘zoom’ attendee were they given the opportunity to speak (i.e consistent with those attending in person)?

Unfortunately by the time it was known that an applicant was attending via Zoom and not in person, the in-person votes has started to be collected and we did not have the facility in place to broadcast from Zoom to the room. All resumes were included with the AGM notice and those attending in person would have had access to a copy.

(n) Did the organisation of the meeting make it easy, or even possible, for zoom attendees to speak at the AGM?

It was not possible for anyone attending remotely to speak at the AGM

(o) Technology exists for zoom attendees to fully partake in meeting (speak and make presentations) were they available for the AGM?

Priority was given to those members in attendance at the AGM. Those members online did not have the facility to physically speak but could submit questions via the chat facility.

(p) If Members were not allowed to speak at the 2021 AGM does it comply with the Articles?

Yes, the AGM did comply. As stated in the notice, the official part of the meeting typically takes around an hour after which members present are able to participate in an open question and answer session with the Board for a further hour. This was also covered at the start of the meeting by the chair. Those members in attendance in person had an opportunity to ‘speak’ and ask questions in person.

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(q) Is it reasonable to approve the minutes of the 2021 AGM?

Yes, we believe these to be accurate.

3. AGM Q&A's

(a) Do Diamond believe Members should have to wait months for their Q&A's to be answered at the AGM?

Any questions submitted to the HOA team for submission in the AGM Q & A will be collated and responded to prior to the AGM and distributed in advance of the meeting. Unfortunately, both in 2020 and 2021 the AGM had to be rescheduled due to the COVID restrictions in place at the time and for the 2022 AGM this was also postponed. If a member who submitted any questions would like further explanation or clarification, they may contact us and we are always available to discuss any comments in further detail. Our Customer Services team is available to assist all of our members and we certainly would not encourage members to wait until the AGM to raise any concerns. Rather, they should contact us at the time in order to find a prompt resolution.

(b) Do Diamond believe these Q&A's answers should only be published just before the AGM, or provided as hand-outs at the AGM, thereby giving no time for challenges or follow-ups on lack of completeness or failure to answer questions?

We endeavour to upload these as soon as we are able prior to the AGM to give members an opportunity to review prior to the AGM.

(c) Should Diamond be looking to improve communication with Members by holding periodic sessions to address Member concerns?

We are constantly looking at ways in which we can improve communication with our members. As above, our Customer Services team is available to assist all of our members and we would not encourage members to wait until the AGM to raise any concerns. Rather, they should contact us at the time in order to find a prompt resolution.

4. AGM 2022

(a) Why was the initial date for the AGM in June changed c1 month before the due date?

The date of the AGM was changed due to us not being able to produce the Notice within the constitutional/regulatory timeline as the accounts had not been finalised, signed off and released.

(b) Why is the new date in a holiday period?

The company's period for club AGMs covers September and October and usually coincides with budget meetings and discussions. Other resort clubs' AGMs were already scheduled during this period. Therefore the next available date was during week commencing 24 October. It is a formal AGM and scheduling it over a holiday period was not intentional.

(c) Will Members not able to attend in person be able to speak via zoom?

Attendance of the AGM by Zoom is available however there will be no opportunity to speak. Membership questions can be submitted in the Q&A section and will be answered accordingly. As with all AGMs, questions and answers will be covered during the allocated time permitting which is up to one hour following the formal business and respective presentations.

5. DEX

The decision to terminate II and set up DEX as an 'internal' replacement Exchange was taken in 2019. No papers were presented to Board Members showing the pros/cons and benefits to allow the Board to fully review the change and ratify the resultant changes to the Rules and Regulations. Diamond advise this is only the 5th change to Rules & Regs since 1994 but are unable to confirm/provide information on what, if any, papers were provided to Board Members when previous changes were made. However they restate that the 'Management Company does not need to consult with Members on any changes to the Rules provided they are deemed (presumably by the

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Management Company) to be in the best interests of the Member base generally’. The decision appears to be based entirely on the premise that DEX comes for ‘free’ (which I’ll demonstrate below it doesn’t, as it has both a high points cost and reduces availability of Diamond properties for all) and ‘increases choice’ for Members, as they can continue to pay and stay with II should they choose to.

- (a) Club Select was rolled into DEX and points increased (Q&A John Adamson points doubled in example) and an Exchange Fee was introduced when none was provided previously. During a call after the 2020 AGM Marie Kalber referred to Club Select as being ‘underutilised’ and points values ‘heavily undervalued’ so rather than advertising the benefits of Club Select to Members the cost to use was increased when incorporated into DEX. Please explain how this benefits the Member base?

Club Select was a benefit that was introduced by The Club® during 2009. During your meeting with Maria Kalber, she did explain that Club select availability was underutilised and the points values quoted on the Club Select website were heavily undervalued, hence the decision to incorporate this availability into DEX.

We did notify members via email on 27th February 2020 about the change to Club Select in which we explained the inventory, previously referred to as Club Select, would be called Global Partner Inventory. The addition of Global Partner Inventory into the online search tools will now allow members to view The Global Partner Inventory without having to navigate to the Club Select website. Other features include the facility for members to protect their Global Partner reservation by purchasing the Reservation Protection Plan and, if you do not have enough points or want to save points for another booking, you may now use Diamond Flexibility and Diamond Value to purchase one-time-use points to complete your reservation.

Member Benefits are not referenced in the rules of the European Collection and whilst they may be enhanced by the Operating company, they may also be withdrawn.

- (b) II has a very clear table showing how many points are required based on quality of accommodation, season (with weeks clearly highlighted) and number of bedrooms. A 1 bedroom economy level accommodation starts at 2000pts off peak rising to 3500pts at peak whilst premium accommodation ranges from 3500pts off peak to 6500pts at peak, whilst for a 3 bed premium accommodation the range from off peak to peak was 5000-10000pts . DEX at launch had 6 unspecified levels for accommodation sleeping 4 ranging from 2000pts to 12000pts with additional top-up payments required for additional bedrooms. Given this was the position at launch (ie when the Management Company changed the Rules & Regs) then please explain how these high points prices with add-ons could be considered to benefit the Member base?

We have agreed that the price grid did not work as anticipated at launch, and we made significant adjustments to our software to price the inventory appropriately, the removal of the unit upgrades, a change to the cancellation policy and the implementation of the DEX Protection plan.

Destination Xchange is an alternative exchange option for Diamond members. If members want to continue using Interval, then they can take out membership with Interval independently.

As there is no annual joining fee to use Destination Xchange, in respect of members who have no wish to use Destination Xchange (or indeed any other third party exchange programme), they will not have to pay for membership. However on the premise that more choice must be better for members, we still believe that DEX is a benefit to members.

There has never been any obligation upon a member of The Club® to reserve an accommodation if they feel that the points being charged are more than they are willing to spend. That judgement will be made subjectively and intelligently by each individual member.

- (c) Following complaints by Members Diamond eventually recognised for the 2020 AGM that DEX pricing wasn’t working, blaming it on ‘software’ issues, and committed to ‘correcting’ the issue and that the end goal was to be ‘competitive’ on price with other Exchange providers. In the 2020 Q&A they advised (John Adamson) that ‘DEX compares external resorts through II, RCI, Trip Advisor etc

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against the Diamond Resorts properties to derive the appropriate points values’, whilst in the same 2020 Q&A to me they stated ‘We see no merit in endeavouring to provide cost comparisons at this stage between accommodations in II and DEX’ and have continued to advise that there is no need to Benchmark. How can Diamond ensure DEX is competitive on price if does not intend to benchmark?

We are highly cognisant of the fact that for the programme to be successful, we need it to be both price competitive and to offer a good selection of resort options. Benchmarking is something that will be completed on an ongoing basis. However it is important to flag that this will not be a direct comparison between points values for resorts featured with II and DEX. Nor do we intend to issue a comparison. The 2 major exchange companies (II and RCI) don’t issue a comparisons.

- (d) In Q3 2021 the DEX price grid was eventually relaunched. This does provide some level of clarity on points by ‘season’ and number of bedrooms. However it has 5 levels of season, now including ‘ultra peak’, but there is no grid, unlike with II, that explains which weeks fit into each season. A 1 bed ultra peak is 10000pts points versus an II Premium maximum of 6500pts and from the price comparisons I have undertaken DEX appears to have justified it’s pricing by excessive classification or properties as high to ultra peak, irrespective of the dates.

John and Margaret Baker commented in the AGM 2021 Q&A ‘DEX offers availability at unappealing times of the year (e.g UK winters) and for unrealistically high points values compared to Diamond owned resorts Diamond are progressively diminishing the value of members investments by reducing the number of owned resorts and increasing the points value that members have to pay for alternatives’. They continue on the subject of the alleged huge benefits ‘sold’ by the reps on DEX and conclude ‘Our extensive research has shown that the only properties available in the UK are in the depths of winter at very high points and similarly in Europe they are high points at very limited times’.

Our pricing should and will be based upon unit size, quality of the resort, seasonality and demand for the location. We do accept that there are examples in which the points values are higher than those of Interval International. However there are also examples in which accommodation in DEX is priced at a lower points value than that of Interval International. Accommodation in DEX, Interval International or any exchange company is reliant on Owners who own in a specific resort and particular unit/size of unit relinquishing use rights of their week(s) to the exchange company and in turn, the week is made available to members of that exchange company. Due to the pandemic, most exchange companies have seen a decrease in the number of weeks being deposited in destinations within Europe (and especially UK locations) as owners are not using exchange companies and in turn are using the accommodation themselves. All requests, whether with DEX or Interval International are not guaranteed and are confirmed on a first come, first served subject to availability basis.

We are actively working with our partners to improve the availability in high demand areas such as the UK and Mainland Europe.

- (e) The presentation and minutes of the 2021 AGM refer to DEX providing more than 4800 destination options, which sounds hugely impressive (though likely only comparable with II), but also shows that the number of exchanges from August 2020 to August 2021 were only 592 with DEX, whilst II still had 438 exchanges. This total of 1030 compares with 1635 exchanges booked by European Collection Owners with II as at 31st Dec 2019 when the II agreement was allowed to expire. Clearly this was a Covid period but does seem to suggest the uptake on DEX has been poor, whilst some Members have continued with II. Does Diamond still believe the investment to set up and operate DEX was worth it and it provides a benefit to Members?

Yes we believe that it provides a benefit to the members. We have several trading partners that work with us that make up the 4,800 destination options. Of course, just like RCI and II, not all of the destinations will have inventory available 52 weeks a year. Availability is based on members of these trading partners who own in a specific resort and particular unit/size of unit relinquishing use rights of their week(s) and in turn, the week is made available to members to be able to use via DEX. Our 5-year deposit window is very much an advantage over our competitors, which if not available would have meant many members would have lost points at the end of 2020 and 2021.

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Year over year trends have seen the number of exchange reservations made by DRECL members decrease. As at 31 December 2019, only 1,635 exchanges had been booked by DRECL members. Exchange numbers during 2020 and 2021 did significantly decrease due to the Covid travel restrictions. However, regardless of this, during 2021, 764 DEX exchanges were made and so far in 2022, the number of exchanges exceeds this amount. We do not see the uptake as poor.

- (f) **The 2021 minutes also state ‘A review of the DEX points chart is still being carried out following feedback; any changes will be communicated accordingly’. I was subsequently advised that HGV were undertaking a review of DEX and the results were being awaited before further action. However Diamond were unable to advise what the ‘scope, parameters or criteria’ of this review was, nor did HGV want to seek input from an Ordinary Member as it was an internal review of DEX as a whole. I understand this HGV review should now be complete. Can Diamond advise the scope and findings etc of this HGV review and provide an update on Diamonds review of DEX pricing referenced in the 2021 minutes?**

The DEX review has been undertaken and we can confirm that DEX will continue to be used as the exchange company for club members. HGV max has also been introduced as a further exchange opportunity for our members in the US and we are actively assessing how this can be offered to our European Collection members in due course.

We don't have the finite detail and extent of the review. However there are no plans to remove DEX from any Collection. Members will still have the option to select whichever exchange company they wish to use.

- (g) **Since the HGV acquisition there have been several communications ‘selling’ the DEX offering. On June 14th we received an email announcing DEX was growing with the addition of over 110 Affiliate properties in 17 countries (though the footnote suggested some of these were formerly available to book as affiliates of the Club). However in the website notice that followed it becomes clear that these affiliates are part of a new category and are affiliates of DEX and not of the Club. Consequently Members will now have to pay both DEX tier points and a DEX Exchange Fee, whereas before they would have been no exchange fee and it's unclear whether the points required have now changed. I note that whereas previously there were Club Affiliates in Madeira these have now become DEX Affiliates.**

How many resorts that were previously Club Affiliates have become DEX Affiliates and now require an Exchange Fee?

Within The Club®, as an exchange program, there is an ongoing established business process of reviewing resort affiliation relationships.

This process is described more fully in the governing documents of the program, but generally either both parties mutually renew the affiliation agreement to continue to exchange accommodations, or the agreement lapses at the end of term.

As part of the most recent cycle of this process, over 110 affiliate properties have entered into agreements to be resort affiliates of DestinationXchange moving forward, and not The Club®.

As a member of The Club®, that means you retain access to accommodations made available by these properties, moving forward as a DestinationXchange affiliate

- (h) **Have the points requirements for these Affiliates increased?**

No, the point's values have not increased. In fact a large number of point's values have decreased. All of the resorts now fall within the DEX tiers (1-6 using between 2,000 and 12,000 points). The points values will be incorporated into the DEX tier grading but remain consistent with what was previously stated in the Reservation Directory. For example, if the points values for the resort was 4000 points for a mid season week you will stay pay 4000 points (tier 2) plus the exchange fee. For those resorts that fall between the DEX tiers, the points will be rounded down eg MONDI-HOLIDAY Hotel Oberstaufen would have previously cost either 3,500, 4,500, 5,500 or 7,500 points per week dependant on seasonality whereas a member will now pay 2000, 4000 or 6000 points plus an exchange fee.

There are a number of resorts that previously had point's values that exceeded the points values required for a tier 6 exchange (12000 points) such as Anantara Vacation Club Bali Seminyak, for which members would

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previously have paid 16,000 or 22,500 points per week. However now they will pay a maximum of 12,000 points plus the exchange fee. Another example is the Anantara Vacation Club Bali Seminyak which for 7 nights in a 2 Bedroom Pool Villa, a member would have paid a minimum of 18,500 points and a maximum of 27,000 points (dependant on seasonality). This will now cost a maximum of 12,000 points plus the exchange fee.

- (i) **Is the long term intent that all Club Affiliates will transfer to become DEX Affiliates (thereby requiring an Exchange Fee and potentially higher tier points) when their existing agreement term is renewed?**

The Club®, as an exchange program, has established an ongoing process for reviewing resort affiliation relationships, and moving forwards, this will be via DEX.

- (j) **Will the Club no longer negotiate Affiliate agreements in its own name such that all new Affiliate Agreements will be with DEX?**

As above.

- (k) **Given these exchanges will now require a fee and DEX tiers are more expensive in points than Diamond equivalent resorts please explain how these new arrangements benefit Members (other than presumably increased choice albeit at a cost)?**

As per the example in 5(h), there are many examples where members will pay less points to what was previously charged.

- (l) **II was included in the Membership Fee and although, due to confidentiality obligations, you are not able to confirm how much was paid by each Member the Q&A response points to a £13 reduction in the Base Fee to suggest the saving has been passed on in full to the Members. However in 2021 both the base fee and point fee both declined by c2.2% having both increased by c6.4% in 2020. Although I'd be confident the finance group would ensure the II savings were passed on, the reductions in 2021 were primarily driven by foreign exchange so I'm not sure your simple analysis 'puts my mind at rest'.**

The DRECL board chose to return savings to members from 2020 in two ways:

a) Where savings were made over the whole year (for example UK business rates, and reductions in entertainment post reopening), these were included as reductions to all members in the calculation of the 2021 fees.

b) Savings directly related to close down periods were targeted (through the credit offering) to those members who were unable to use their points, and did not save them for future use.

It must always be noted that there are other cost pressures such as minimum wage increases and currently energy costs that will cause increases.

- (m) **I've provided numerous comparisons between II and DEX and DEX appears to be between 1.7 to 3.6 times as expensive in points as with II. None of these comparisons have been challenged.**

In May 2021 I provided a comparison whereby a 3 bedroom property at Brunston Castle in the UK for 10th December (clearly low/off season) was available with II for 4000 points, whilst with DEX it was 10500 points. This is 2.6 times more points than II and is between peak and ultra peak in DEX tiers. Sadly these excessive points didn't shock me but what did was when I clicked on the resort via DEX it took me directly to the II site and description of the property! Surely if Diamond cared about it's Members it would flag to Members they would get more value from their points by booking direct with II. These extra 6500 points are equivalent to an additional c£650 of Members Fees (note as a gold Member my combined base and maintenance fee is c£0.1/pt). Given Membership of II, if bought when on offer to Diamond Members is only c£25/year, this extra cost is dwarfed by the fees cost of these additional points required. Please explain how this/DEX is a benefit to Members?

The example referenced was a Club Select week which was available via DEX to our members. Since the launch of Club Select in 1999, we have used one pricing structure for all of the European Club Select resorts. We are making further amendments to our pricing structure and by end of Q1 2023, we will have different pricing for the different regions within Europe eg UK, Spain, etc. and therefore we expect to see further amendments to the pricing of these weeks.

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There has never been any obligation upon a member of The Club® to reserve an accommodation if they feel that the points being charged are more than they are willing to spend. Therefore, if the points for an exchange with II are less than Club Select, we would advise the member to make the decision themselves.

- (n) However this is not the only cost as Diamond will then place 10500pts of accommodation with DEX and remove from Diamond inventory. Potentially 2.63 weeks of Diamond equivalent accommodation is now no longer available to Members just to enable that individual Member (who may be happy with the transaction, though likely wouldn't had they known the points requirement with II) to access a 1 week at Brunston castle. Alternatively 1 week peak season in my favourite resort of White Sands Beach Club in a 2 bedroom property (cost 6500pts) is removed together with a week at another property (cost 4000pts) and transferred to DEX with Members deprived of this availability. Availability is an increasing problem for Members and high DEX points make this worse. Please explain how this loss of Diamond availability to DEX is a benefit to Members?

As currently happens when exchanges are made with Interval International or a member uses points towards Member Benefits, the inventory is removed from the European Collection and is used to pay back the exchange provider or by Diamond to offset the cost of the Member Benefit provided.

DEX, II and Member Benefits all provide members additional ways for members to use their points. Some members use them others don't.

If the Member Benefits aren't used, no inventory is removed from the European Collection.

As advised previously, if a member deposits 12000 points and receives a tier 6 credit into DEX and then DEX will be allocated accommodation from The Club® equivalent to the same accommodation size, seasonality etc as was booked via DEX. Multiple weeks accommodation is not deducted.

We firmly believe that giving member's choice to decide which Exchange partner they wish to use is a good thing – particularly bearing in mind the relatively low number of members that were using Interval International.

- (o) When challenged Diamond have advised the following benefits of DEX which I'll counter below:
- 5 year deposits (ie deposits with flexibility to use any time within a 5 year period). Arguably this is the main benefit as II only allows booking 2 years in advance. However potentially you only need this if you haven't been able to find availability or have been ill and need to carry points forward more than 1 year.
 - Removal of exclusivity restrictions. If you want vacation options beyond the Club exchange offering you now have freedom to select the exchange company of your choice. Correct you don't have to use DEX with its excessive points.
 - No Membership Fee. Correct but my II Fee is c£25/year, when bought on offer, so the Corporate Fee and hence saving would have been much lower. On a total Diamond Annual Fee of c£3000 this is not a significant saving plus in my example above the extra points required for a comparable exchange was equivalent to c£650 of fees.
 - Lower exchange fees than II. Exchange fees are very similar and dependant on Membership level/status so not significant.
 - Simplified booking process. Yes it is possible to book directly through the Diamond website but since the removal of the ability to search for more than + or – 31 days (likely due to adding all the DEX properties and slowing the search down) it's no longer simplified. II can search 2 years into the future for a wide area in one go.

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- Access to over 4600 new resorts. Many were available under Club Select for less points and no fee. This is not 4600 new resorts whilst many, if not all, existed with II for significantly lower points.

None of the above benefits claimed address the issue of higher points requirements for DEX and the subsequent removal of availability when excessive inventory gets transferred to DEX.

If DEX was competitive on points with II (and other Exchange providers), had a similar clear points grid and a good benchmarking process to ensure parity and was continuing to add to the Club Affiliates program, rather than convert to DEX (with Exchange Fees) then it could become a benefit to Members. However currently points are excessive and the already limited Diamond availability is being lost by transferring accommodation equivalent to the high points value to DEX.

II also has a number of other benefits that DEX should consider, including better short stay exchange possibilities, getaways, hotels etc, points reductions when availability is in the near future, membership of gourmet society. Incentives like free gift accommodation certificates and periodic special offers.

Can I again request:

- (a) The Board undertake a full review of the decision to terminate II and replace it with DEX. That request can be passed on.
- (b) Complete a full benchmarking exercise with II and set in place a process to ensure comparability of points and establish a new transparent grid showing which weeks are in which season/tier. Please refer to response to your earlier question Q5 (c)
- (c) Only transfer equivalent accommodation to DEX (ie in my example a 3 bed out of season) as opposed to accommodation worth the same number of DEX points (ie in my example a 3 bed out of season plus a 2 bed at White Sands in peak season) Please refer to response to your earlier question Q5 (n)
- (d) Ensure Club Affiliates continue without Exchange Fees and don't become DEX Affiliates. Please refer to response to your earlier question Q5 (g) and (i).
- (e) If the board reaches the conclusion this still benefits Members could it share this. If not reconsider/reverse the decision.
In the event that the Board decides to make any amendments to the rules and regulations then this will be notified to the membership.

6. Management Fees

- (a) In 1994 a charge of cost +15% was set in the Management agreement. This was considered a standard rate at that time. The cost plus is applied on top of all costs and has no risk attached. In response to 2021 Q&A it was stated that 'A reduction in the 15% is something we would not agree to. 15% is the maximum amount of profit we can possibly secure. A profit of 5% would not be commercially viable'. Given this is on all costs then any uplift is pure profit and as such is viable and I'd suspect most hospitality, leisure and property management companies that are at risk will have struggled severely during Covid.

Diamond should have transfer pricing documentation to support this charge, given this is an Intercompany transaction. Can you confirm that cost plus 15% is in the acceptable range of returns that comparable companies receive for similar activities with no risk such that this can be considered an 'arms length' charge? If this is outside the range then can the Board address this by renegotiating the agreement and cost plus downwards to a more appropriate level and ensure the plus is reviewed on a regular basis?

Since timeshare clubs were formed in the early 1980's, the standard remuneration across the industry as a whole for a management company was set at 15%. This percentage has also been mirrored in some of the

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clubs that have been set up more recently (there are a few exceptions which charge a fixed fee however the majority have the 15% charge).

For the European Collection, this amount was set out in the scheme documents at inception in 1994. As mentioned previously, a reduction in the 15% charge is not something that we would agree to. Please note – a 15% management fee is the maximum amount of profit that we can possibly secure. A profit of 5% would not be commercially viable.

Diamond does have transfer pricing agreements in place. However these are internal management documents and are not in the public domain. Diamond Resorts (Europe) Ltd must analyse the split of income between the UK and its overseas branches. The said agreements are in place to ensure that appropriate corporation tax is paid in each jurisdiction.

When considering the 15% fee account must also be taken of the fact that Diamond Resorts (Europe) Ltd pays the management charges on not only the unsold inventory but also defaulting inventory, a liability that is not passed on to the fee paying members.

There will be no changes to the 15% charged. 15% is the maximum amount of profit that we can possibly secure. A profit of 5% would not be commercially viable.

- (b) Do constraints on selling points comply with the various Consumer Rights acts that have applied over the years? When asked (Paul Murphy Q&A 2020) if these restrictions are unfair and contravene UK legislation concerning unfair terms and conditions you failed to answer the specific question but referred back to the Articles, suggesting by inference that they supercede law. When I asked this as part of a broader question (2021 Q&A) you ignored that part of the question, possibly suggesting it was already answered in 2019 and 2020 Q&A, but advised any change to the Articles requires a resolution to be passed with a 75% majority required, something that could never happen without support of the Founder.**

I've now reviewed the 2019 Q&A response which over complicates what should be a black and white legal question with discussion on second hand points, cars, competing interests and all the 'additional benefits' Diamond are allegedly providing, and/or at risk for, whilst not answering the direct question.

Whereas I would agree a car would depreciate once it leaves the forecourt I'd expect had the car been purchased with say a 3 year service contract then this would transfer to the new owner. Also if a 'maintenance fee' was paid by the new owner then arguably this ongoing service is not free but part of the fee.

However Diamond points are not linked to a car but to a property asset that can appreciate or depreciate based on the market/location/demand/maintenance/replacement cost etc. Certainly since I purchased my points property assets have generally increased in value. However Diamond points actually do depreciate overnight if you don't have the ability to sell them under the same terms as purchased.

The 2019 response then goes on to suggest 'Member benefits that are offered to consumers who buy points from Diamond have to be paid for by Diamond.... Diamond assumes all the risks of offering member benefits (and sometimes the cost of the Member benefit is not fully recouped by Diamond).' Can you explain what ongoing benefits Members get that aren't actually paid for out of annual fees by whoever owns them at the time?

The comprehensive explanation that was provided in 2019 clarified why we believe that the terms imposed on resale points comply with the Consumer Rights Act and that the provisions do not constitute unfair terms.

The points that were made have however been misinterpreted. We were not referring to the value of the inventory (which will inevitably have increased). The debate that we were having was the ability of Diamond to sell points and make a profit. If resale points are given all of the free of charge incentives that Diamond confers upon purchasers of points that purchase from Diamond, there would be no logical reason as to why anyone would purchase points off Diamond.

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To be clear, the cost of Member Benefits is not included in a member’s maintenance fees. By way of example, a member may elect to use their points to go on (say) a Member Escorted Tour. They can use some of their points to pay for the Member Escorted Tour. However the Big Journey Company does not have any use for points. Rather, Diamond Resorts (Europe) pays cash to the Big Journey Company. In return for handing over cash to the Big Journey Company, Diamond takes the points that were redeemed, uses the points to book accommodation and then tries to rent out the accommodation such that it breaks even (or better still if possible) when it rents out the accommodation.

To reiterate therefore, we are in fact talking about the purchase price paid by members for the points that they acquire from Diamond and the additional “incentives” that Diamond gives to members purchasing from them.

- (c) Can you confirm how Diamond accounts for the proceeds from selling points? I’d expect part of this represents the value of the property placed into the ‘trust’ and the rest is taken to P&L. If Diamond is providing additional benefits into the future it should be deferring some of this income and releasing in future years to pay for this, otherwise the annual fees must be paying for these benefits.**

The way in which we account for the sale of points is a commercial Diamond matter.

You reference “the benefits that we allegedly supply”. The benefits being provided are two-fold:

- i) The ability to redeem points for non- inventory eg points for experience days, points for cruises, points for escorted journeys
- ii) The ability to book accommodations through The Club® exchange programme at resorts outside of the European Collection (the club of which they are a member) with no exchange fee being charged (such as accommodation at a resort in the US or Hawaiian Collection).

- (d) Under ‘competing member interests’ you discuss Diamond’s need to be able to sell points into the future, though most of EU selling has now been disbanded, but again I’d expect those costs to come out of income from selling. You also refer to how Diamond takes on responsibility for paying maintenance fees for points that are surrendered/relinquished/defaulted. However Members receive no proceeds for these defaults/surrenders and the asset (points/property) on which Diamond has already made a profit when sold reverts back to Diamond for zero payment. Diamond can then resell these points, making further profit, or rent the properties to cover the maintenance fees, whilst still owning the asset, so I have little sympathy for this argument. From an accounting perspective Diamond should also have provided against expected surrender/default costs when it made the original sale/income providing for any future costs. You end by suggesting points sold by Diamond must be superior to second hand points to encourage consumers to buy and also to cover the marketing costs. I’d suggest that without the excessive marketing from the past the focus should be on current Member satisfaction. There should be no reason to differentiate ‘superior’ v 2nd hand, particularly if Diamond’s rental business is profitable, unless you want to lock everyone in. There should be a ‘free’ market in points though think most Members would be relaxed if Diamond took a small cut (say 10%) in the transaction.**

Diamond sets points at a price per point that it thinks it can sell them for. Adding costs into the purchase price for potential surrender costs would increase the price. We do not propose to do that.

Diamond now owns (or has maintenance fee liability for) circa 47% of all of the inventory and it pays maintenance fees on all of that inventory. Diamond would love nothing better than to sell that inventory and make a profit. Regrettably, the level of sales are very low and are not keeping up with the level of inventory being surrendered. As such, the maintenance fee costs assumed by Diamond are a considerable drain on Diamond’s financial resources.

The terms in the Articles seem especially onerous so please explain how legally they comply with various Consumer Rights acts relating to unfair terms and conditions?

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If they don't comply will the Board change the Articles accordingly?

To give a meaningful response to this question, the specific terms being described as “onerous” would need to be detailed. That said, if this reference relates to Diamond's surrender and exit options, these provisions have in fact been reviewed by Trading Standards and met with their approval. The Non-Qualified relinquishment option (introduced in February 2015) was particularly well received.

7. Corporate Governance/Management Control

- (a) The Board, based on the Articles, has 5 members of which 2 are Ordinary Members and 3 from the Founder yet Ordinary Members own c63% of the assets. The Founder clearly provides expertise in the Industry, knowledge and management capabilities. Is it normal in business for the Minority to have Control in this way?**

As a principle, the Operating Company does not have greater powers to change the Rules and Regulations than the powers afforded to the Directors in the Articles of Association. Furthermore, article 18(c) of the Articles makes it clear that if there is any conflict between the provisions of the Rules and Regulations and the Articles, then the Articles prevail. This provision ensures that the best interests of the Ordinary members are safeguarded at all times.

DREL as the Founder member of DRECL is entitled to cast its vote pro rata to the number of points it owns in the same way as Ordinary members are entitled to vote. DREL has no ability to force through any changes to the Articles, often abstains from voting and always acts in the best interest of the European Collection and its members.

Changes to the Articles must always be discussed with the Board prior to any resolution being proposed. However any change to the Articles can only be effected by a 75% majority vote.

- (b) As DEX is an Affiliate of Diamond did this influence the decision to terminate II and transfer the exchange function to DEX?**

The Non-Executive Member Directors work alongside the Founder Member Directors as equal board members. They act on behalf of all of the members of the European Collection and their views are actively sought out. The Non- Executive Member Directors are free to challenge any strategic proposals put forward by the Operating Company for the European Collection and any changes will only be implemented if they are deemed to be in the best interests of the member base generally.

- (c) Rule 2.4.5 and 2.5 allow the Operating Company (Diamond) to change the Rules based on 'reasonable business judgement' and 'at its sole discretion' but only for the 'principal purpose of improving upon the quality of the operation of the Points System and furthering the collective enjoyment of the use of Accommodation Assets by present and future Members as a whole'.**

I'm not convinced termination of II and introduction of DEX meets this criteria given that the high points requirement of DEX v II excessively reduces the availability of Diamond inventory to Members and hence Members ability to enjoy the assets is reduced (in line with the excess inventory removed). The non exec (Ordinary Board) Members should have been able to block this change (Operating Company should not have greater powers to change the Rules & Regs than permitted to the Directors in the Articles) but it appears, from my questions, that Ordinary Board Members were never provided with detailed documentation analysing the pros/cons and benefits of the change.

I'd again like to request the Board to fully review the decision taken to ensure it does meet the test of 'being for the benefit of Members' and circulate this to Members.

As stated, Rule 2.5 of the European Collection Rules and Regulations permits the Operating Company to amend the Rules if it believes that to do so would benefit the membership as a whole.

By way of historical background, in the late 1990s, analysis was carried out in relation to membership use patterns. This analysis revealed that many members were actively using their Interval membership and were making exchanges. It was on the basis of this research that negotiations were entered into with

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Interval International Inc., and agreement was subsequently reached pursuant to which the European Collection entered into a Corporate Membership affiliation agreement with Interval International. In order to secure a reduced Corporate Interval membership fee, the terms of the agreement with Interval International prescribed that membership of Interval must be mandatory for all European Collection owners AND that Interval International must be the exclusive third party exchange provider for European Collection members.

For many years, Corporate Interval membership worked well for our members. However with the passage of time, our members’ usage patterns with Interval changed, no doubt by virtue of the introduction of The Club® internal exchange programme in 2007 and the extensive portfolio of resorts now available to members through The Club®.

There is no need to consult with the members on any changes to the Rules and Regulations. All changes are made by the Management Company provided that the changes are deemed to be in the best interests of the member base generally. You have asked for a copy of the proposal showing costs/benefits and pros and cons of the alternatives. Discussions were held at senior management level.

The Non- Executive Member Directors agreed on this change based upon the information provided at the time.

We are firmly of the opinion that this offers a “win win” situation for all of our members – whatever their vacation requirements as it increases the choices that are available and affords members the option of the 5 year deposits which (if not made available) would have meant that many members would have lost points at the end of 2020 and 2021.

DOUGLAS SHERRIFF – Email 3rd October 2022

1. Unit Weeks

Each year I am supplied with the latest inventory which details the unit/weeks available at the different managed resorts which I then track on a spreadsheet. It shows the position from 2017 onwards. The 2022 update was supplied in May this year. As can be seen there was a small change in the allocation of unit weeks between 2020 and 2021, due to DR realigning the availability of White Sands to the Menorca tourist season. However if we look at the position generally over the past few years, the numbers have remained remarkably stable. Members undoubtedly will be happy about this and it’s encouraging that there’s little change.

- a) I do however find it intriguing how this is possible when even at last year’s AGM there were concerns expressed by the board over the fall in the membership base. Whilst I am sure some points are reissued either by new sales, or back to existing members (as re-sale points), it would be good to understand why the reduction in membership hasn’t seemingly affected these figures at all.

You are correct that although the Board were concerned about the number of members who may exit DRECL. However membership levels have been more static over the last 12 months. Additionally, we have seen a reduction in the volume of points being used towards Member Benefits as compared with pre-Covid levels which in turn requires less European Collection inventory to be traded and monetised. ,

- b) Also whether it’s likely there will be any material change now that original HGV members (both US and EU) will have access to what was the DR inventory if they purchase the HGV Max option? I presume that any bookings made under HGV Max will utilise inventory from what was Diamonds “own pot” with an element of swapping weeks as necessary if original DR EU members choose to buy into this new proposition (I’m guessing similar to when a DR member exchanged into II where points will be swapped). Please can you explain how these numbers will be impacted for original Diamond members that don’t choose the HGV Max option?

At this time, we are looking into how HGV Max can be made available for European members of The Club® in the future and will keep you informed of any updates.

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| Diamond Portfolio April 2022 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Studio | | | | | | ± | 1 Bedroom | | | | | | ± | 2 Bedroom | | | | | | ± | 3 Bedroom | | | | | | ± | | |
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | | |
| General Beach | | | | | | | 949 | 949 | 949 | 949 | 949 | 949 | 119 | 119 | 119 | 119 | 119 | 119 | | | | | | | | | | | | |
| Royal Oasis at Pueblo Quinta | | | | | | | 76 | 76 | 76 | 76 | 76 | 76 | 430 | 430 | 430 | 430 | 430 | 430 | 404 | 404 | 404 | 404 | 404 | 404 | | | | | | |
| Los Arroyos Beach Club | 408 | 408 | 408 | 408 | 408 | 408 | 1545 | 1545 | 1545 | 1545 | 1545 | 1545 | 2537 | 2537 | 2537 | 2537 | 2537 | 2537 | | | | | | | | | | | | |
| Woodford Bridge Country Club | 939 | 939 | 939 | 939 | 939 | 939 | | | | | | | 3916 | 3916 | 3916 | 3916 | 3916 | 3916 | | | | | | | | | | | | |
| Pine Lake Resort | 255 | 255 | 255 | 200 | 200 | 200 | 750 | 750 | 750 | 690 | 690 | 690 | 2064 | 2064 | 2064 | 1783 | 1783 | 1783 | | | | | | | | | | | | |
| White Sands Beach Club | | | | | | | 1542 | 1542 | 1542 | 1542 | 1542 | 1542 | 865 | 865 | 865 | 865 | 865 | 865 | | | | | | | | | | | | |
| Club Del Carmen | 327 | 327 | 327 | 327 | 327 | 327 | 1081 | 1081 | 1081 | 1081 | 1081 | 1081 | 815 | 815 | 815 | 815 | 815 | 815 | | | | | | | | | | | | |
| Alpine Club | 1334 | 1334 | 1334 | 1334 | 1334 | 1334 | 2696 | 2696 | 2696 | 2696 | 2696 | 2696 | 1171 | 1171 | 1171 | 1171 | 1171 | 1171 | | | | | | | | | | | | |
| Sunset Bay | 1209 | 1209 | 1209 | 1209 | 1209 | 1209 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 149 | 149 | 149 | 149 | 149 | 149 | | | | | | | | | | | | |
| Sunset Harbour | 395 | 395 | 395 | 395 | 395 | 395 | 2234 | 2234 | 2234 | 2234 | 2234 | 2234 | 483 | 483 | 483 | 483 | 483 | 483 | | | | | | | | | | | | |
| Royal Sunset Beach Club | 169 | 169 | 169 | 169 | 169 | 169 | 1321 | 1321 | 1321 | 1321 | 1321 | 1321 | 1878 | 1878 | 1878 | 1878 | 1878 | 1878 | | | | | | | | | | | | |
| Sahara Sunset | | | | | | | 108 | 108 | 108 | 108 | 108 | 108 | 2064 | 2064 | 2064 | 2064 | 2064 | 2064 | | | | | | | | | | | | |
| Royal Yosemite Country Club | | | | | | | 4181 | 4181 | 4181 | 4181 | 4181 | 4181 | 2206 | 2206 | 2206 | 2206 | 2206 | 2206 | | | | | | | | | | | | |
| Santa Barbara | 218 | 218 | 218 | 218 | 218 | 218 | 936 | 936 | 936 | 936 | 936 | 936 | 1263 | 1263 | 1263 | 1263 | 1263 | 1263 | | | | | | | | | | | | |
| Kenmore Club | | | | | | | 432 | 432 | 432 | 432 | 432 | 432 | 34 | 34 | 34 | 34 | 34 | 34 | | | | | | | | | | | | |
| Sunset View | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Garden Lodge | | | | | | | 2327 | 2327 | 2327 | 2327 | 2327 | 2327 | 391 | 391 | 391 | 391 | 391 | 391 | | | | | | | | | | | | |
| Cala Bianca | | | | | | | 714 | 714 | 714 | 714 | 714 | 714 | 151 | 151 | 151 | 151 | 151 | 151 | | | | | | | | | | | | |
| Royal Regency | 328 | 328 | 328 | 328 | 328 | 328 | 666 | 666 | 666 | 666 | 666 | 666 | 248 | 248 | 248 | 248 | 248 | 248 | | | | | | | | | | | | |
| Thurnham Hall | 232 | 232 | 232 | 232 | 232 | 232 | 722 | 722 | 722 | 722 | 722 | 722 | 432 | 432 | 432 | 432 | 432 | 432 | | | | | | | | | | | | |
| Cromer Country Club | 382 | 382 | 382 | 382 | 382 | 382 | 407 | 407 | 407 | 408 | 408 | 408 | 1581 | 1581 | 1581 | 1632 | 1632 | 1632 | | | | | | | | | | | | |
| Wychow Park | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Broomfield Park | | | | | | | 102 | 102 | 102 | 204 | 204 | 204 | 2907 | 2907 | 2907 | 2907 | 2907 | 2907 | | | | | | | | | | | | |
| Vilar Do Golf | | | | | | | 255 | 204 | 204 | 204 | 204 | 204 | | | | | | | | | | | | | | | | | | |
| Palazzo Catalini | 612 | 663 | 663 | 785 | 785 | 785 | | | | | | | | | | | | | | | | | | | | | | | | |
| Jardins Del Sol | | | | | | | 1936 | 1936 | 1936 | 1887 | 1887 | 1887 | 49 | 49 | 49 | 49 | 49 | 49 | | | | | | | | | | | | |
| Club Mojacón | | | | | | | 784 | | | | | | 785 | 785 | 785 | 918 | 918 | 918 | | | | | | | | | | | | |
| La Mansión Dos Duas Amantes | 204 | 204 | | | | | | | | | | | 13 | SOLD | | | | | | | | | | | | | | | | |
| Residence Normande | 26 | 26 | | | | | 288 | | | | | | 256 | 256 | 256 | 256 | 256 | 256 | | | | | | | | | | | | |
| Gala Norway | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cyprus Pointe | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 7111 | 6932 | 6932 | 7030 | 7030 | 7030 | 29213 | 27109 | 27110 | 27102 | 27102 | 27102 | 27591 | 26761 | 26761 | 26684 | 26688 | 26688 | 1610 | 1610 | 1610 | 1506 | 1591 | 1591 | | | | | | |

2. Point Saver

We still see lots of issues with the booking website having inaccuracies. Recently a member has flagged that the “Points Saver” Search is not showing any availability whereas discounted holidays are certainly appearing correctly within the standard search engines. To test we looked at Managed DR resorts which have very obvious off-seasons such as the Alpine Club in Schladming – (October and November for example). It was obviously a system error as of course took into consideration the 59 and 30 day rules. So would be good to have an update on the latest position when do you expect it will be corrected (if not by the time of the AGM)?

The point saver search has now been removed. The functionality has been incorporated into the standard availability search as has been the case for a number of years in order to simplify the booking process for our members.

3. Payment of 2023 Fees

Whilst I’m guessing that at the AGM, it will be too soon for any decisions regarding the 2023 fees to be announced, can the board confirm that the option for DD payment as offered in 2022 will remain the same for next year? That is no upfront payment but with the fees split evenly between 11 payments starting in January 2023?

The option for members to pay their 2023 Management Charges by Annual or Monthly direct debit will remain in place. As you know in previous years members who chose to pay using the 12 month option were required to pay a 25% upfront payment, last year this was 0%, this year it will be 10%. The upfront payment must be paid prior to the due date (14th January 2023) and will then be followed by 11 monthly direct debit payments which will be taken on or around the 21st of each month.

4. Affiliated Resorts

In 2022 since the rollout of HGV Max in the US we see certain resorts being rebranded as Hilton resorts. One of which is the South Lake Tahoe Vacation resort in California.

- (a) Can you confirm whether there will be a change to the DR member’s experience with regards finding availability, points prices and booking windows in both US and EU collections? That is for members that remain in the DR EU collection and who do not choose to convert to HGV Max? We know that points prices for DR managed resorts are locked-in within the club rules. But would be good to have an understanding of what can be expected here with regards the portfolio as a whole.

Please see response to Roger Jones Q2, 1 (a)

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(b) We have also heard a lot from US members about some the affiliated resorts that will be removed from the standard points system and pushed into DEX. Can you confirm what will be the experience for EU members within our resorts? It would be good to have clarity separated by the different types of “affiliates” because as we know, that term is used quite broadly. I’ve listed the categories that I can think of, so would be good to have clarity for each:-

1. Narrow Boats
2. Those resorts that offer year round availability such as the Diamond Suites Malta, Village Heights, Balkan Jewel etc.
3. The Mondri and Hapimag (Burnside) resorts etc
4. Affiliates where availability is offered much more on an ad-hoc basis (i.e. Pestana resorts, Imperial Hotel Torquay)

As per our response earlier there are a number of Club Affiliates that are now bookable via DEX which include the Mondri Resorts and Pestana Resorts.

The resorts specifically allocated to points owners and members of the European Collection will remain bookable in the same way. These are listed in section one – part B of the disclosure guide. These are the Narrow Boats, Diamond Suites at Malta, Balkan Jewel, Jardines del Sol and Palazzo Soriano. k

We can also confirm that Burnside Park and Village Heights will remain as Club Affiliates.

Reservations for more than 45 nights

During the early part of 2022 I worked closely with Sarah Cunningham to correct an issue with the DR booking system which was adding on an additional 10% of points for stays over 6 weeks in duration. After investigation it was discovered the update was required following the introduction of a new Spanish law for the mainland (and thus only affecting the three resorts) which limits the maximum stay tourists could make under a single booking. This new law affects all holiday lets in the mainland but not any DR properties outside of that region. Therefore reservations in the Canaries, Balearics or any other country are not impacted by this new ruling.

The booking system was thus updated to ensure that for Sahara Sunset, Los Amigos and Royal Oasis, it would no longer accept reservations longer than 45 days. Any member wanting an extended stay would need to split the reservation across multiple bookings. Critically other resorts, outside of mainland Spain still allow for longer reservations which is correct. However I do still see instances where this 10% overcharge is still being added on for these types of reservations (i.e. over the 45 days). For example a 7 week stay (49 nights) in Woodford Bridge from the 8th Jan 2023 is showing as 15400 points in a Studio Suite. This equates to 7 weeks at 2000 points per week (14,000) plus 1400 added on as an additional 10%. I made sure that I commenced the test on a Sunday which is the standard check-in day for this resort. Also that the whole period spanned the same DR season. I of course would have liked to run the test on one of the resorts in the Canaries (where I see this being the greatest issue), however you can appreciate that such is the demand it’s not possible for a member who’s not a Platinum member to do this.

If this added 10% cannot be removed from the system, can it least be flagged at the booking stage so members know that to avoid the 10% levy they need to split the booking up into two shorter periods if they desire to exceed the 45 nights? It’s not right that members maybe unknowingly overcharged.

At the time of your conversations with Sarah, we reviewed and made a few changes to system. Members were able to book as follows:

Bookings up to 28 nights in whole weeks on standard check-in day
You will be charged the standard weekly rate.

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Bookings over 28 nights in whole weeks on standard check-in day

The reservation system will accept online bookings and charge at the weekly rate for reservations up to 42 nights. For any duration over this amount please contact the member services team for assistance.

Bookings up 28 nights on none-standard check-in day

You will be charged the nightly rate.

Bookings over 28 nights on none-standard check-in day

You will be charged the nightly rate.

Please note: The maximum nightly stay per booking was 84 nights with the exception of Sahara Sunset, Pueblo Quinta and Los Amigos Beach Club where the maximum length of stay is 45 nights due to restrictions with the Tourist licensing regulations in this region.

However effective 11th May 2022 it was stated following a corporate review that we would change our booking procedures to comply with local government ordinances regarding trips lasting longer than one month in all resorts. Therefore, the maximum length of stay for any single trip would be 29 nights regardless of location. Trips longer than 29 nights would need multiple reservations.

SONYA FLYNN – 3rd October 2022

1. **Why since Hilton take over has there been a lack of communication and benefits for loyal Diamond members. It appears resorts are quietly being removed or not available for next year? Ie: Malta**

We remained committed to communicating with our members and have focused on improving communication by regular updates and the new traveller newsletter which is issued on a quarterly basis, No resorts have been removed from the Collection, and as is the case each year, we are working with the resort developer for Diamond Suites at Malta and Village Heights, Crete to finalise our allocation for 2023. We hope to have this finalised earlier than we would normally for these properties. Although we expect to be able to offer more choices and vacation opportunities in the future, your points rights will not be changed or diluted. You will continue to access available inventory in DRECL and The Club® in the same way as you do now.

Over time, we will provide details of any options made available as to how members may have access to Hilton properties.

2. **When will the website search facility be improved, more flexible to match those of other holiday providers?**

Thank you for your feedback. Your comments have been forwarded for consideration.

ROSEMARY HILE – 7th October 2022

What has happened to Diamond affiliated resorts? It seems that it is no longer possible to book at some of these resorts using only points. They now seem to have become part of the DEX programme which requires points according to tier plus an exchange fee of £93 per week and a further £65 protection fee per week in order to have the same cancellation rights as we have with DRI managed resorts. Is it HGV policy to move these affiliated resorts to the DEX programme and does this mean we have lost the ability to book with points only?

See response to Q3 (5i and 5j) Nicholas Sargent.

STEVEN JONES -9th October 2022

I am fully aware that the demographic of members is quite high and I assume the age of the majority of the membership of the European collection falls in the late 50's to late 70's age group with members leaving as

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soon as they are able. This fact together with the inability of Diamond to attract younger membership presumably due to the high cost of entry and very high cost of annual maintenance fees has made the timeshare product uncompetitive in today's leisure market place.

This appears to have resulted in Diamond/Hilton being responsible for a large stock of holiday inventory across the European Portfolio. Fully understanding that in order to keep the club afloat Diamond/Hilton have elected to use internet booking sites such as Booking.com to dispose of inventory that they are responsible for.

As a Platinum member who historically booked holidays well in advance I am very concerned that the release of inventory that is made available to the membership is being manipulated to the disadvantage of the membership.

It seems that Diamond/ Hilton looks determined to punish those the most that invest the heaviest ie. The "membership" as opposed to the "internet Booking.com holiday makers".

If indeed this is the case and Diamond/Hilton are not releasing inventory to members in a fair manner but drip feeding unsold internet offerings to members at relatively short notice thus denying members to opportunity to properly plan their vacations and book travel arrangements at economically affordable prices, this needs addressing to re balance the availability of inventory in a fair and equitable manner.

I know from an email exchange between myself and the two current Member Directors that Diamond inventory stock that is not sold on websites such as Booking.com is offered to members at relatively short notice. Should such inventory be taken up by members this stock is then counted as inventory in the members pool of accommodation?

On 12th August 2022 I asked the two current Member Directors the following questions for the European collection, which at the time of writing this email I still await an answer.

Quote : Please provide the following information

- 1) what is the percentage of membership inventory versus Diamond/Hilton inventory
- 2) Of the membership inventory what percentage is made available to members to book 14/13 months in advance
- 3) if like I suspect membership inventory is held back why is it held back and what is the timing for distribution of surplus internet booking inventory into the pot of member inventory. Please table this information as the average number of days released to members before the holiday is to be used.

Unquote

I now ask for these three points to be formally and comprehensively answered at this year's AGM thus shining a light on whether member inventory stock is being manipulated by Diamond/ Hilton to the disadvantage of the membership.

We shall endeavour to provide a more comprehensive explanation in the hope that the issue is clarified for you.

In using the word “Ordinary Member” in this response, we are referring to members of the European Collection excluding Diamond Resorts (Europe) Ltd (“DREL”) which is the Founder Member as opposed to an Ordinary Member.

Whilst the European Collection is an exclusive members' Club (offering amongst other things exchanges through The Club®, Member Benefits, member escorted tours, member communications and member discounted holidays), the resorts in the European Collection are not (and never have been), exclusively used by Ordinary Members. For example, a number of the resorts in the European Collection have their own independent (Diamond managed) timeshare clubs while a proportion of the accommodation is owned by DREL in its capacity as the Developer.

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The accommodation owned by the DREL have always been used for various marketing and promotional purposes, which presently includes making apartments available for non-members to book through a variety of on-line distribution channels. With a reduction in DREL’s direct marketing operations, DREL has started to use the on-line distribution channels as a means of introducing potential new members to our resorts. This in turn helps to maintain the membership base of the European Collection and keeps the financial position healthy for all members. Many of our European Collection members will, at some time, have visited our resorts as marketing guests (perhaps paying nothing or very little for the accommodation).

As a member in its own right, DREL is entitled to use the points’ accommodation and weeks that it owns as it chooses. Just as Ordinary Members are entitled to rent out accommodation booked by them (subject to obtaining a guest certificate), DREL is similarly entitled to rent out its accommodation.

Much of the rental income derived is used to offset DREL’s annual maintenance fee liability. In this regard, DREL pays maintenance fees on all of the points that it owns. In fact, it pays more than the Articles of the European Collection actually require it to pay. Theoretically, DREL need only pay one base fee and the per point fee. However it actually pays multiple base fees based on the average points ownership of an Ordinary Member (plus the per point fee on its entire points holding).

Furthermore, whilst the question regarding the levels of inventory available through on-line distribution channels is a fair question (and the reason for raising it is fully understood), the response is not as straightforward as you might expect.

Firstly, inventory that is NOT Developer inventory is also marketed on the on-line booking channels.

These on-line booking channels are now used to market weeks placed by Diamond Fractional Owners in the Fractional Points Owners “Fractional Wish to Rent Programme” thereby increasing the likelihood of securing a successful rental for them.

Secondly, a number of the Member Benefits involve the redemption by the member of points in return for the benefit (with the monetary cost of the benefit being born in full or in part by DREL). This cash outlay is then offset by DREL by renting out accommodation through the on-line distribution channels equivalent to the number of points redeemed.

Thirdly, DREL owns approximately 20,000 weeks of timeshare which were never put into the European Collection (and upon which it pays maintenance fees to the underlying club resort). Additionally, it pays the maintenance fees on weeks in underlying timeshare clubs in circumstances where the timeshare owner is in default. These weeks are also be placed for rent with the on-line distribution channels with a view to offsetting (in full or in part) DREL’s maintenance fee liability on those weeks.

Reservations made through the on-line distribution channels are priced according to marketing opportunities and competitor analysis in line with common industry practice and has a naturally later booking window than we see with our Ordinary Members who book into European Collection and Club inventory. Due to this, we have rules within the system that will automatically make Developer space available to other guest types (for example our Club members) close to the arrival date in order to reduce the chances of DRECL inventory going un-utilised (and therefore going to waste). The main rule currently stands at 0-3 days which explains why last minute availability appears to be released. These rules can change depending on demand, in order to ensure the Developer is generating the highest possible revenue from its own inventory, to offset the associated maintenance fees.

The reality is that DREL’s rental programme has absolutely no impact on the amount of inventory available for Ordinary Members to book using their points.

We would refer you to the information contained in the Notice of this meeting which will provide you with the total number of weeks in trust for DRECL by resort. The inventory schedule details the number of “Use Periods” (Weeks) by Resort placed in Trust for all DRECL members.

All DRECL resort availability is released at 13 months prior to arrival for members of DRECL. The exception to this is the EU affiliated resorts such as, Village Heights and Burnside Park etc. which are bookable 10 months in advance of arrival. No DRECL resort availability is held back.

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Gilbert Bolton Received 10th October 2022

I have recently been unable to book a holiday through the Diamond/HGV booking system during the 14 month window for platinum members which advises no availability at a chosen resorts.

On checking third party booking sites for the same resorts and dates, there was availability.

It seems members are paying substantial amounts of up front cash and maintenance fees for other people's enjoyment.

Can you please explain why you have allowed this to happen and if you are likely to give members priority over third party infiltrators?

Diamond Resorts (Europe) Ltd owns certain inventory at many of the Collection resorts which is not (and never has been) part of a Collection. This availability varies over time, by resort and by season. The Platinum member extended booking window provides Platinum members of The Club® with an extended 30 days booking window for reservations into this Developer owned inventory..

If you have been unsuccessful in securing accommodation within the Platinum member booking window then you are able to book into a resort within the European Collection starting 13 months in advance prior to the planned arrival date, and at 10 months prior to arrival into all resorts within The Club® Portfolio.

If you require assistance in booking then please do not hesitate to contact our Platinum Concierge team who will be more than happy to assist.

David & Kathryn Bartrupe - 11th October 2022

As a result of being able to book any day of the week at our resorts I have found it harder and harder to book a weeks stay. The members Directory gives points values for this and the Standard check-in day, if I book any other day it cost more in points for the same weekly stay.

In the Members Directory I notice that almost all U.S.A resorts have Friday-Saturday-Sunday for seven night occupancy and weekly points values.

Could this be looked at as an option for our club resorts to improve available for a weekly stay as RO [Resort Operations] we only have one Standard day at nearly all our resorts.

Most of Diamond's resorts have pre-existing timeshare clubs and are therefore governed by the respective constitutions and rules of those timeshare clubs Check in days are therefore designated according to those governing documents. Any resort that is not an existing timeshare club follows the same logic and policy to those that are comparative.

All accommodation in the Diamond Resorts European Collection portfolio is published on a standard 7 nights [weekly] basis, each inventory segment (week) having a designated check-in day or days. The week's value in terms of points required to book it is calculated accordingly for the duration commencing on that particular check-in day. Check in days are stated in each resort's points table in the Member Directory and the holiday trend has always moved in a very similar pattern.

This system allows for the operator (the company) to be able to guide usage into the designated check in days which, in addition to helping with resort management operations, creates less break up of unused occupancy and thus maximises the holidays yielded from the accommodation. The goal is to maximise occupancy of the accommodation by members.

To give an example. Palazzo Catalani has 4 x one bedrooms with check in days of Saturday/Tuesday. If a member books Wednesday-Wednesday it reduces the probability of yielding the remaining nights of both weeks as the stay overlaps which is certainly not something any of us want.

So, in summary, the 10% increase in an overall week's points value is generally a way of encouraging standard day check ins rather than splitting weeks and accepting lost nights' of member inventory which could (and does) go unused by members. As the operator, the company has to view the operations from a 'big picture' and whilst for some

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members this may seem unfair it is considered a small steer to encourage those standard check in days to be used to allow for less wastage and potential booking restrictions.

Why is the Standard check-in day not standardised at all Diamond Resorts as we are all Diamond Members?

As mentioned above, most resorts are existing timeshare clubs and are governed by respective constitutions. Check in days are not flexible and any resort that is not an existing timeshare club follows the same policy as with comparative resorts. Multiple resorts in the same region/location do have standardised check in days and this generally follows occupation trends and/or corresponding flight itineraries.

Stuart Dawes – 15th October 2022

There is no mention on either year of government furlough money being claimed or identified in the accounts. There are some figures that don't make sense due to the forced closures, but that is something that others may raise.

Each individual resort which was closed as a result of the pandemic will have received Government relief. However this did differ depending on the country in which the resort is located.

There have been credits from the closures in the form of business rates relief and furlough payments and these would be shown on the individual resort accounts.